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## **INITIATIVE 296**

I, Sam Reed, Secretary of State of the State of Washington and custodian of its seal, hereby certify that, according to the records on file in my office, the attached copy of Initiative Measure No. 296 to the Legislature is a true and correct copy as it was received by this office.

AN ACT Relating to property tax levies; amending RCW 84.55.005, 84.55.0101, and 84.55.050; adding a section to chapter 84.55 RCW; and creating new sections.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

### **LEGISLATIVE INTENT**

NEW SECTION. **Sec. 1.** The 25% Property Tax Initiative is intended to decrease the property tax burden in Washington by changing laws relating to property tax levies. It is long overdue. This measure would reduce the state property tax levy by 25%, limit future increases in the state levy, and require local governments to receive 60% voter approval for levy increases above the 1% limit. For decades, property taxes have skyrocketed in Washington. Rising property taxes have placed an incredible financial burden on taxpayers, especially working class families and senior citizens. Sky-high property taxes prevent many of our citizens from attaining the American dream of home ownership. Meaningful property tax relief is long-overdue and desperately needed. During these tough economic times, struggling families and senior citizens desperately need and deserve meaningful property tax relief. Because of huge property tax spikes in recent years, for many property owners, this measure's limitation of the state property tax levy will only put property taxes at the same level they were two or three years ago. But we have to start somewhere. Besides limitations in the state property tax levy, this measure also decreases the property tax burden by encouraging local governments to not increase property tax levies above the 1% limit. Requiring 60% voter approval for levy increases above the 1% limit will not only limit

property taxes but will result in existing revenues being spent more efficiently and effectively. The people recognize that even with this measure, because of economic growth, overall government revenues will continue to increase but simply at a slower rate. The crushing property tax burden on taxpayers must be lessened and the 25% Property Tax Initiative accomplishes that worthy goal.

**DECREASING THE PROPERTY TAX BURDEN BY  
REDUCING THE STATE PROPERTY TAX LEVY BY 25%**

NEW SECTION. **Sec. 2.** A new section is added to chapter 84.55 RCW to read as follows:

(1) The state property tax levy shall be reduced by 25.0 percent of the levy amount that would otherwise be allowed under this chapter without regard to this section starting immediately upon the effective date of this act and in all years thereafter.

(2) Before applying the reduction in the state property tax levy required by this section, levies shall be set every year at the amount that would otherwise be allowed under this chapter without regard to the prior years' reductions provided for in this section.

**DECREASING THE PROPERTY TAX BURDEN BY  
LIMITING FUTURE INCREASES IN THE STATE PROPERTY TAX LEVY**

**Sec. 3.** RCW 84.55.005 and 2002 c 1 s 2 (Initiative Measure No. 747) are amended to read as follows:

Definitions.

As used in this chapter:

(1) "Inflation" means the percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent twelve-month period by the bureau of economic analysis of the federal department of commerce in September of the year before the taxes are payable;

(2) "Limit factor" means:

(a) For taxing districts with a population of less than ten thousand in the calendar year prior to the assessment year, one hundred one percent;

(b) For taxing districts for which a limit factor is authorized under RCW 84.55.0101, the lesser of the limit factor under that section or one hundred one percent;

(c) For all other districts {+ (the state government) +}, the lesser of one hundred ({- one -}) percent or one hundred percent plus inflation {+ , thus limiting future increases in the state property tax levy but continuing the receipt of property tax revenue for the state government from new construction, improvements to property, and increases in the assessed value of state-assessed property as provided in RCW 84.55.010 +}; and

(3) "Regular property taxes" has the meaning given it in RCW 84.04.140.

**Sec. 4.** RCW 84.55.0101 and 2002 c 1 s 3 are each amended to read as follows:

Upon a finding of substantial need, the legislative authority of a taxing district other than the state may provide for the use of a limit factor under this chapter of one hundred one percent or less {+ , except the state government whose limit factor is the lesser of one hundred percent or one hundred percent plus inflation as provided in RCW 84.55.005, +} unless an increase greater than this limit is

approved by the voters at an election as provided in RCW 84.55.050. In districts with legislative authorities of four members or less, two-thirds of the members must approve an ordinance or resolution under this section. In districts with more than four members, a majority plus one vote must approve an ordinance or resolution under this section. The new limit factor shall be effective for taxes collected in the following year only.

**DECREASING THE PROPERTY TAX BURDEN  
BY REQUIRING LOCAL GOVERNMENTS TO RECEIVE 60% VOTER APPROVAL  
FOR LEVY INCREASES ABOVE THE 1% LIMIT**

**Sec. 5.** RCW 84.55.050 and 1989 c 287 s 1 are each amended to read as follows:

Election to authorize increase in regular property tax levy -- Limited propositions -- Procedure.

(1) Subject to any otherwise applicable statutory dollar rate limitations, regular property taxes may be levied by or for a taxing district in an amount exceeding the limitations provided for in this chapter if such levy is authorized by a proposition approved by (({- a -})) {+ at least a sixty percent (60%) +} majority of the voters of the taxing district voting on the proposition at a general election held within the district or at a special election within the taxing district called by the district for the purpose of submitting such proposition to the voters. Any election held pursuant to this section shall be held not more than twelve months prior to the date on which the proposed levy is to be made, except as provided in subsection (3)(b) of this section. The ballot of the proposition shall state the dollar rate proposed and shall clearly state any conditions which are applicable under subsection (3) of this section.

(2) After a levy authorized pursuant to this section is made, the dollar amount of such levy shall be used for the purpose of computing the limitations for subsequent levies provided for in this chapter, except as provided in subsections (3) and (4) of this section.

(3) A proposition placed before the voters under this section may:

(a) Limit the period for which the increased levy is to be made;

(b) Subject to statutory dollar limitations in RCW 84.52.043, authorize annual increases in levies for any county, city, or town for multiple consecutive years, up to six consecutive years, during which period each year's authorized maximum legal levy shall be used as the base upon which an increased levy limit for the succeeding year is computed, but the ballot proposition must state the dollar rate proposed only for the first year of the consecutive years and must state the limit factor, or a specified index to be used for determining a limit factor, such as the consumer price index, which need not be the same for all years, by which the regular tax levy for the district may be increased in each of the subsequent consecutive years. Elections for this purpose must be held at a primary or general election {+ and must be approved by at least a sixty percent (60%) majority of the voters of the taxing district voting on the proposition +}. The title of each ballot measure must state the specific purposes for which the proposed levy shall be used, and funds raised under this levy shall not supplant existing funds used for these purposes;

(c) Limit the purpose for which the increased levy is to be made, but if the limited purpose includes making redemption payments on bonds, the period for which the increased levies are made shall not exceed nine years;

(d) Set the levy at a rate less than the maximum rate allowed for the district;

(e) Provide that the maximum allowable dollar amount of the final annual levy of the period specified in the measure shall be used to compute the limitations provided for in this chapter on levy increases occurring after the expiration of the period; or

(f) Include any combination of the conditions in this subsection.

(4) Except as otherwise provided in an approved ballot measure under this section, after the expiration of a limited period or the satisfaction of a limited purpose, whichever comes first, subsequent levies shall be computed as if:

(a) The limited proposition under subsection (3) of this section had not been approved; and

(b) The taxing district had made levies at the maximum rates which would otherwise have been allowed under this chapter during the years levies were made under the limited proposition.

#### **CONSTRUCTION CLAUSE**

NEW SECTION.     **Sec. 6.**     The provisions of this act are to be liberally construed to effectuate the policies, purposes, and intent of this act.

#### **SEVERABILITY CLAUSE**

NEW SECTION.     **Sec. 7.**     If any provision of this act of its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

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